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|---------------------------------------------------------------------------|----|
| <b>From the Director General</b>                                          | 1  |
| <b>Facts and figures</b>                                                  | 2  |
| Facts and figures about charities and the CRA in 2007-08                  | 2  |
| Number of charities as of December 31, 2007                               | 3  |
| Charities Information Sessions                                            | 3  |
| <b>What's new?</b>                                                        | 4  |
| New T2050 and T4063                                                       | 4  |
| Charities incorporated in Ontario                                         | 4  |
| New call for proposals for the Charities Partnership and Outreach Program | 4  |
| New and upcoming policies                                                 | 4  |
| Public education update                                                   | 5  |
| Small and rural charities initiative update                               | 5  |
| Model objects                                                             | 6  |
| Court news                                                                | 6  |
| Revocation and sanction alert                                             | 7  |
| <b>Important notes</b>                                                    | 7  |
| Disaster relief                                                           | 7  |
| The CRTC Do Not Call List                                                 | 7  |
| <b>Reminders</b>                                                          | 8  |
| Electronic mailing list (EML)                                             | 8  |
| Charities Information Sessions                                            | 8  |
| Guide T4033A, Completing the Registered Charity Information Return        | 9  |
| Disbursement quota                                                        | 9  |
| No receipting on behalf of another organization                           | 9  |
| No lending of registration numbers                                        | 9  |
| <b>Education</b>                                                          | 10 |
| Top 3 compliance issues                                                   | 10 |
| Disbursement quota shortfalls                                             | 11 |
| Split receipting                                                          | 11 |
| <b>Helpful Hints</b>                                                      | 12 |
| Questions and answers                                                     | 12 |
| Avoiding delays in processing returns                                     | 12 |
| <b>Coming soon</b>                                                        | 13 |
| New Form T3010B, Registered Charity Information Return                    | 13 |
| <b>Contact information</b>                                                | 13 |

## From the Director General

### The Charities Directorate's priority for 08/09: reducing inventory

Like all organizations, we in the Charities Directorate have annual priorities. This year, our number one priority is to reduce our inventory of applications on hand awaiting decision. In an era of increased demand, growing complexity of applications, and limited resources, this goal has proven to be a challenge.

If the pace of the first six months of this fiscal year continues, this year we will receive about 4,500 applications for charitable status. That's one application every two hours, 24 hours a day, 365 days a year. The majority of these applications will be approved, pushing the total number of registered charities towards 84,000.

At the same time, as many as 2,200 charities will lose their registered charity status by either asking us to revoke their status because they have ceased to operate, or by failing to file their annual returns. Every four hours, 24 hours a day, 365 days a year, a registered charity ceases operation.

The fact that so many charities cease to operate each year raises some important questions. Why do so many registered charities, set up with the best of intentions, request to have their status revoked, or fail to meet their obligations? Were they set up for short-term objectives that have now been completed? Did they not have the capacity to operate effectively? Did they fail to anticipate the competition for donations and volunteers? Were they duplicating programs and services that already exist? And ultimately, should all of these organizations be applying for registered status?

To address this last question, the Directorate is creating new Web material that will help organizations understand the obligations and responsibilities associated with operating a registered charity, so that they can make informed decisions about whether charitable registration is right for them. This new material should appear on our Charities and Giving Web site in the coming year.



By educating individuals and organizations on the importance of knowing when charitable registration is the best path to achieving charitable goals, and when it is not, we hope to eventually reduce the number of revocations and unnecessary applications that we see each year.

In the meantime, the inventory is coming down. More streamlined processes, the hiring of more staff, the better use of automation, the provision of better guidance on our Web site, and hard work by our staff are all having a positive effect.

## Facts and figures

### Facts and figures about charities and the CRA in 2007-08

For the 2007-08 fiscal year (April 1 to March 31) the Charities Directorate:

- received 124,198 phone enquiries on our toll free line. Questions of a general nature are dealt with by "tier one" staff, while technical questions are dealt with by "tier two" staff;
- received 9,163 written requests for services from registered charities;
- received 3,655 new applications for registration as a charity;
- received 606 applications for re-registration as a charity;
- formally denied 357 applications;
- registered 2,345 charities (including both new registrations and re-registrations);
- revoked the charitable status of 958 organizations at their request;
- revoked 771 registered charities because they did not file their annual registered charity information return within the six month period after their fiscal year-end;
- revoked 49 registered charities for other causes (e.g., because they ceased to comply with the requirements of the *Income Tax Act*); and
- completed 790 audits of registered charities as a result of public complaints, random selection, or based on a review of annual information returns.

**Note:** Due to changes in internal procedures and reporting methods, the numbers above cannot be accurately compared to statistics published in the past.

## Number of charities as of December 31, 2007 (by designation and charity type)

The charitable sector continued to grow in 2007, for a total of 83,215 registered charities.

| Charity type                               | Public foundation | Private foundation | Charitable organization | Total         |
|--------------------------------------------|-------------------|--------------------|-------------------------|---------------|
| Poverty                                    | 1,865             | 2,303              | 12,956                  | 17,124        |
| Education                                  | 756               | 757                | 11,997                  | 13,510        |
| Religion                                   | 314               | 647                | 32,062                  | 33,023        |
| Other purposes beneficial to the community | 1,883             | 772                | 16,903                  | 19,558        |
| <b>Total</b>                               | <b>4,818</b>      | <b>4,479</b>       | <b>73,918</b>           | <b>83,215</b> |

## Charities Information Sessions

The Charities Directorate delivered 69 regular Charities Information Sessions in 2007, as shown below. In addition to the 69 regular sessions, we delivered 16 special sessions in 12 different cities.

### 2007 Statistics

| Provinces and Cities                                                                                                                                             | Total Regular Sessions | Total Participants |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|--------------------|
| <b>British Columbia</b> – Prince George, Langley, Vancouver, Victoria, Campbell River, Kelowna                                                                   | 11                     | 624                |
| <b>Alberta</b> – Lethbridge, Calgary, Olds, Edmonton, Grande Prairie                                                                                             | 9                      | 453                |
| <b>Saskatchewan</b> – Saskatoon, Regina                                                                                                                          | 4                      | 139                |
| <b>Newfoundland</b> – St. John's                                                                                                                                 | 2                      | 39                 |
| <b>Nova Scotia</b> – Halifax, Sydney                                                                                                                             | 3                      | 119                |
| <b>Manitoba</b> – Winnipeg, Brandon                                                                                                                              | 4                      | 210                |
| <b>Prince Edward Island</b> – Charlottetown                                                                                                                      | 1                      | 26                 |
| <b>New Brunswick</b> – Moncton, Fredericton, Saint John                                                                                                          | 4                      | 115                |
| <b>Ontario</b> – Ottawa, Kanata, Kingston, Thunder Bay, Sudbury, Niagara Falls, Hamilton, Mississauga, Toronto, Newmarket, Windsor, London, Barrie, Peterborough | 24                     | 1,311              |
| <b>Québec</b> – Montréal, Trois-Rivières, Québec                                                                                                                 | 7                      | 371                |
| <b>TOTAL</b>                                                                                                                                                     | <b>69</b>              | <b>3,407</b>       |

## What's new

### New T2050 and T4063

December 2008 marks the release of the new Form T2050, *Application to Register a Charity Under the Income Tax Act*, and its companion Guide T4063, *Registering a Charity for Income Tax Purposes*. Form T2050 was revised in accordance with legislative amendments and to improve the form's general ease of use. Guide T4063 was revised to put need-to-know information about the advantages, requirements, and obligations of registered charities front and centre, in order to facilitate the process of applying for charitable registration under the *Income Tax Act*.

### Charities incorporated in Ontario

Collaborative efforts with the province of Ontario have resulted in an agreement for the CRA to collect, on behalf of the province, Ontario *Corporations Information Act* Annual Return information from registered charities incorporated, continued, or amalgamated in Ontario, and subject to the Ontario *Corporations Act*.

Currently, in addition to federal filing obligations with the CRA, charities subject to the Ontario *Corporations Act* are required to file an Ontario *Corporations Information Act* Annual Return with the province of Ontario.

Beginning in 2009, those charities incorporated, continued, or amalgamated in Ontario, and subject to the Ontario *Corporations Act*, will receive and have the option to file a new *Director/Officer Worksheet and Ontario Corporations Information Act Annual Return* (RC232-WS) with their T3010, *Registered Charity Information Return*. All information collected on behalf of the province will be transmitted to the Government of Ontario, for the purpose of recording the information on the public record maintained by the province.

More information will be made available on our Web site at [www.cra.gc.ca](http://www.cra.gc.ca) in the coming months.

### New call for proposals for the Charities Partnership and Outreach Program

Launched in 2005, the Charities Partnership and Outreach Program is a contribution funding program designed to support innovative education and training projects on regulatory compliance for the charitable sector. The main objectives of the Program are to improve the capacity of the sector to develop and deliver sustainable compliance-based education programs; increase the capacity of the charitable sector in meeting regulatory compliance requirements in a sustainable fashion; and raise awareness among the charitable sector of regulatory obligations under the *Income Tax Act*.

Registered charities and non-profit organizations serving the charitable sector in Canada can apply for project funding. In order to be considered for funding, the project must be linked to at least one of the program's objectives (listed above), and to one of the funding priorities for the fiscal year under review.

Within the next few months, the Charities Directorate of the CRA will be accepting proposals for the 2009/2010 fiscal year. Please consult our Web site for information regarding the upcoming 2009/2010 call.

For information on applying for project funding under this program, please see **Guide RC4411, *Charities Partnership and Outreach Program, Funding Guide and Application***. The guide includes information about the program objectives, funding eligibility, completing the application, and the review process. It also includes the application form and a list of required supporting documents.

### New and upcoming policies

The CRA is pleased to have made its new policies, **CPS-025 *Promotion of Volunteerism***, and **CPS-026 *Guidelines for the Registration of Umbrella Organizations and Title Holding Organizations***, available. These final policies have been through the standard consultation process.

The CRA concluded its consultations on the **proposed fundraising policy** on August 31, 2008. We would like to thank all those who submitted comments. We will now be reviewing the feedback received, soliciting clarification where required, and working towards a final document. Upon posting the final version, a notification will be sent to electronic mailing list subscribers encouraging charities to become familiar with the policy guidelines in order to ensure that their fundraising practices will be consistent with the CRA's guidelines.

## Public education update

The Charities Directorate has recently launched a new product that may be of interest to the charitable sector. The Speaker's Kit, *Giving to charity: Information for donors*, allows interested individuals and organizations to make presentations on wise donation practices to audiences in their communities.

It includes, in both hard-copy and CD formats:

- four fact sheets that can be copied and distributed:
  - *What is a registered charity?*
  - *How can charitable donations reduce my income tax?*
  - *How can I learn more about a registered charity?*
  - *How can I donate wisely?*
- a slide show, with speaker's notes, to help people understand more about donating wisely to charity;
- a poster; and
- copies of the CRA leaflet called *Giving to charity: Information for donors*.

Anyone interested in obtaining a copy of the Speaker's Kit can download it directly from the CRA Web site at [www.cra.gc.ca/E/pub/xi/rc306-k/README.html](http://www.cra.gc.ca/E/pub/xi/rc306-k/README.html) or call 1-800-267-2384 to request a copy.

## What can you do to support the CRA's public education initiative?

- Include a link to the donor section of the CRA Web site or include our Web site address in your published materials: [www.cra.gc.ca/donors](http://www.cra.gc.ca/donors).
- Remember that your annual information return (Form T3010) is an excellent marketing tool for your registered charity. Completing the return clearly will make it easier for donors to understand your charity's activities and finances.
- Include the CRA's informational materials in your charity's mail-outs. You can download leaflet RC4407, *Giving to charity: Information for donors*, or complete an online form to order printed copies at [www.cra.gc.ca/E/pub/xi/rc4407/](http://www.cra.gc.ca/E/pub/xi/rc4407/).
- Complement your next presentation by using the Speaker's Kit to advise your supporters on how to donate wisely.

## Small and rural charities initiative update

In October 2007, the CRA launched a series of consultations with small and rural charities to better understand their unique service needs and compliance challenges. The consultations led to the development of a joint action plan.

The CRA has already begun to act on the priority recommendations of the joint action plan and started to explore those that require further study.

Of the 66 recommendations in the joint action plan:

- 19 recommendations, or 29 percent, have been completed;
- 16 recommendations, or 24 percent, will be initiated this fiscal year (2008-2009) – five have already been completed;
- 17 recommendations, or 26 percent, will be initiated in 2009-2010; and
- 14 recommendations, or 21 percent, require further study to determine feasibility.

The joint action plan with the timeline for each recommendation can be found in the *Small and Rural Charities: Making a Difference for Canadians* report.

As some of the recommendations are broad or may require additional study and effort over a number of years, the CRA may only accomplish some aspects of the recommendations in the particular year indicated. Those recommendations that require further study are indicated as such and cannot be committed to at this time.

A new Web page is being developed to let charities follow our progress as we implement the recommendations. The Web site will include our progress, as well as links to the new tools and what is to come in future years.

## Model objects

The following link provides a non-exhaustive list of charitable objects that would be acceptable to the CRA for the purposes of charitable registration under the *Income Tax Act*. These objects may be suitable for use by applicants for registered status, or by already-registered charities that want to amend one or more of their purposes. If an organization uses a model object, the CRA will usually not need to discuss the wording of the object with the organization. This may speed up the decision-making process because, in most cases, the CRA will only need to consider whether:

- a) the organization will deliver a public benefit;
- b) the proposed activities are charitable, will be carried out in a manner allowed by the Act, and will further one of the organization's objects; and
- c) the organization is appropriately set up.

**Note:** Whether an organization uses a model object or not, it is important that it choose its purposes carefully and provide accurate and detailed descriptions of all the activities the organization will conduct to further each purpose chosen.

[www.cra.gc.ca/tx/chrts/bcmng/md-ntr-eng.html](http://www.cra.gc.ca/tx/chrts/bcmng/md-ntr-eng.html)

## Court news

### The CRA did not require judicial authorization to obtain donor list.

The Supreme Court of Canada has released its decision in the case of *Redeemer Foundation v. Canada (National Revenue)*, 2008 SCC 46. The majority of the Court agreed with the CRA and dismissed the appeal of the Redeemer Foundation.

The central issue in the case involved the extent of the CRA's audit powers. The CRA had audited the Redeemer Foundation to determine the validity of gifts made under its forgivable loan program. In the course of the audit of the charity, CRA auditors requested and received a list of the foundation's donors. These donors were subsequently reassessed. Redeemer Foundation argued that the *Income Tax Act* did not permit the CRA to obtain the donor list from the charity without prior judicial authorization.

In a 4-3 decision, the majority of the Supreme Court held that judicial authorization was not required for the CRA to obtain the donor list. The majority of the Court stated that the donor list was clearly the type of record the Foundation was required to keep pursuant to s. 230(2) and that the CRA could obtain the list through a combination of its general audit powers contained in section 231.1 and the record keeping requirements contained in section 230(2).

## **Revocation and sanction alerts**

Click the links below for details:

**Francis Jude Wilson Foundation**

**Adath Israel Congregation / Congregation Adath Israel**

**International Charity Association Network (ICAN)**

**Canadian Amateur Football Association**

**The Banyan Tree Foundation**

**Choson Kallah Fund of Toronto**

## **Important Notes**

### **Disaster relief**

#### **Information for applicants for charitable status undertaking foreign activities**

Following news of a disaster, many organizations want to provide assistance and relief to those affected, and some choose to apply for charitable registration with the CRA.

Disaster relief organizations must meet the same essential requirements as all other applicants for charitable registration. This includes the need for the organizations to show how they will direct and control their resources and activities outside Canada. In urgent circumstances, the CRA will expedite consideration of these applications.

The Charities Directorate also reminds applicants that in the immediate aftermath of a disaster, the affected area is often volatile and dangerous. Typically, local authorities limit access to an affected area to well-established, experienced relief organizations. Accordingly, applicants should consider donating money or goods, or offering services, to existing qualified donees (e.g., other registered charities) that have the experience, resources, and infrastructures already in place to respond rapidly and effectively in such locations.

For a list of registered charities, see the CRA's **Charities Listings**. Refine your search by using category code 02 (Disaster Funds).

### **The CRTC Do Not Call List (DNCL)**

#### **A Message from the Canadian Radio-television and Telecommunications Commission (CRTC)**

Telemarketing covers a wide range of activities, from commercial sales to charitable fundraising.

As a registered charity, your telemarketing activities are considered exempt from the National DNCL. However, despite the exemption, you must still comply with the following:

- Register with the National DNCL Operator at [www.LNTE-DNCL.gc.ca](http://www.LNTE-DNCL.gc.ca).

- When you call potential donors, you must always identify who you are and, upon request, provide a local or toll-free telephone number where the person you are soliciting can speak to someone about the call.
- Display the telephone number from which you are calling and/or where you can be reached.
- Only call and fax between 9:00 a.m. and 9:30 p.m. on weekdays, and between 10:00 a.m. and 6:00 p.m. on weekends.
- Always state the purpose of your call at the beginning of the call.

Although charities are exempt from the National DNCL, they are not exempt from the Unsolicited Telecommunications Rules. Even if you are making calls for charitable donations, you must still maintain your own "do not call list" for those who ask not to be called again.

The CRTC has new enforcement powers and can penalize telemarketers found to be in violation of the National DNCL rules or the Unsolicited Telecommunications Rules. As a registered charity, you may hire a third-party agency to conduct fundraising activities on your behalf. However, be aware that both parties are liable for any violation of telemarketing rules. Penalties of up to \$1,500 for an individual and up to \$15,000 for a corporation per infraction may be levied.

For more information on the CRTC's Do Not Call List, visit [www.LNTE-DNCL.gc.ca](http://www.LNTE-DNCL.gc.ca), or call 1-877-249-2782.

**Note:** The National Do Not Call List falls under the authority of the CRTC. The National Do Not Call List is not a program operated by the Charities Directorate or the CRA.

## Reminders

### Electronic mailing list (EML)

We encourage all officers, directors, and employees of registered charities to subscribe to the *Charities and Giving – What's New* electronic mailing list (EML). The EML is a free service that allows subscribers to be notified by email about new information added to the Charities and Giving Web site. By subscribing, you will receive approximately two emails per month to let you know what's new and what may be of interest to you.

To subscribe to the EML, visit our Web site at [www.cra.gc.ca/esrvc-srvce/mlst/sbscrbchrts-eng.html](http://www.cra.gc.ca/esrvc-srvce/mlst/sbscrbchrts-eng.html) and follow the two easy steps.

There are other CRA electronic mailing lists available. We invite you to visit [www.cra.gc.ca/esrvc-srvce/mlst/sbscrb-eng.html](http://www.cra.gc.ca/esrvc-srvce/mlst/sbscrb-eng.html) for a complete list of topics.

The CRA takes your privacy seriously. Any information that you provide when you sign up for the EML will remain completely confidential. Our list will not be shared with any organization. For more information, we invite you to read our statement on privacy protection at [www.cra.gc.ca/esrvc-srvce/mlst/prvcy-eng.html](http://www.cra.gc.ca/esrvc-srvce/mlst/prvcy-eng.html).

### Charities Information Sessions (previously known as Roadshows)

The last year information and invitations for the Charities Information Sessions were sent by mail was 2007. Starting in 2008, all information about the Charities Information Sessions is available through the Web site, or by calling the Charities Directorate Client Service Section at 1-800-267-2384. If you haven't yet subscribed to the electronic mailing list, do so now to make sure you don't miss out on this year's sessions.

If you want to attend one of the free Charities Information Sessions, you will have to register online at [www.cra.gc.ca/tv/chrts/sssns/nyttus/menu-eng.html](http://www.cra.gc.ca/tv/chrts/sssns/nyttus/menu-eng.html). If you or others you know do not have access to the Internet, you can call us at 1-800-267-2384, and we will be pleased to process your registration for a session.

Spring sessions are held in May and June, while fall sessions are held in September, October, and November. Go to [www.cra.gc.ca/tv/chrts/sssns/menu-eng.html](http://www.cra.gc.ca/tv/chrts/sssns/menu-eng.html) for details on venues, times, and dates.

### **Guide T4033, *Completing the Registered Charity Information Return***

This is a reminder that, effective January 2009, the Charities Directorate will discontinue print and mail-out of Guide T4033, *Completing the Registered Charity Information Return*, to all registered charities. However, the CRA's Charities and Giving Web site at [www.cra.gc.ca/charities](http://www.cra.gc.ca/charities) will continue to offer the electronic version of the guide, as well as many other forms and publications.

Form T3010, *Registered Charity Information Return*, and schedules that currently form part of the guide will continue to be printed and mailed out as usual. Registered charities that do not have access to the Internet and require a paper copy of the guide, or that need assistance finding and working with Guide T4033 online, can call the Charities Directorate Client Service Section at 1-800-267-2384.

### **Disbursement quota – registered charities designated as charitable organizations take note**

Under the *Income Tax Act*, all charities are subject to certain rules that require them to spend money on program activities. These are called the disbursement quota rules. One of these rules requires charities to spend 3.5% of the value of all of their property not used directly in charitable activities or administration. This rule ensures that charities do not merely accumulate funds without putting them to charitable use. This rule formerly applied only to those charities that were 'foundations'. As of 2009, it will apply to all charities, including all charitable organizations. As a transitional measure, charitable organizations that were registered prior to March 23, 2004, were formerly exempt from this rule. The exemption no longer applies, commencing with fiscal periods that begin in 2009.

The year 2009 is fast approaching. All charitable organizations should be prepared to calculate the 3.5% disbursement quota. The calculation is based on the average value of property owned by the charity at any time in the 24 months before the beginning of the fiscal period, which was not used directly in charitable activities or administration. This means that charitable organizations must know that value for 2007 and 2008. The average value is recorded on a charity's annual information return, Form T3010B(09), on line 5900.

**Note:** If the total of the charity's assets not used in charitable programs **does not** exceed \$25,000, it will not have a 3.5% disbursement quota and it will not have to calculate the 3.5% disbursement quota.

### **No receipting on behalf of another organization**

The Charities Directorate reminds registered charities that they **cannot** issue official donation receipts on behalf of another organization or charity.

Under the *Income Tax Act*, donors can only obtain tax relief when they make a donation to qualified donees, which includes, among others, registered charities. Therefore, a donor is not entitled to tax relief when the transfer is made through a registered charity to a non-qualified donee. A charity that circumvents that intent and improperly provides tax relief by issuing donation receipts risks losing charitable registration. A registered charity is not permitted to make gifts to non-qualified donees, whether on behalf of the charity itself or on behalf of a donor.

## No lending of registration numbers

Under no circumstance should a registered charity lend its registration number to another organization. A registered charity is responsible for all tax receipts issued under its name and number and must account for the corresponding donations on its annual information return. A charity that lends its registration number risks losing its charitable registration.

## Education

### Top 3 compliance issues

The Charities Directorate is responsible for monitoring the operations of registered charities to make sure they comply with the requirements of the *Income Tax Act* (the Act). This is carried out through a balanced program of education, communication, quality service, and responsible enforcement.

Generally, education is the CRA's first approach to compliance. Outreach initiatives such as the Charities Directorate's Information Sessions, publications, and Web site provide the guidance to assist charities in being compliant. In addition, we respond to questions from individual charities by telephone or in writing.

Audits are also an important tool in ensuring compliance. Generally, we use a series of progressive measures to enforce compliance. In less serious cases of non-compliance, we use education letters or compliance agreements. In more serious cases, we may impose a monetary penalty, suspend a charity's tax-receipting privileges, or revoke a charity's registered status.

The following are the top three compliance issues identified through educational outreach activities and through the audit process.

#### 1. Failure to file the T3010 return

Failure to file the annual T3010 return continues to be the biggest compliance issue for registered charities. Thousands of charities file late each year, or fail to file a return, and are revoked as a consequence. Important information regarding the T3010 return is available at: [www.cra.gc.ca/tx/chrts/prtng/rtrn/menu-eng.html](http://www.cra.gc.ca/tx/chrts/prtng/rtrn/menu-eng.html)

#### 2. T3010 – Errors and omissions

The annual T3010 return is often completed incorrectly or is missing information. This can lead to an inappropriate assessment of a charity's situation. For example, if line 5000 (charitable programs expenditures) is left blank, it may appear that the disbursement quota has not been met, which could be grounds for revocation.

Incomplete or inaccurate information diminishes the usefulness of the information provided, which is used by both the CRA and the public to evaluate the charity's work. For more information about filing a complete return, see: [www.cra.gc.ca/tx/chrts/prtng/rtrn/menu-eng.html](http://www.cra.gc.ca/tx/chrts/prtng/rtrn/menu-eng.html)

#### 3. Incorrect issuance of receipts

Registered charities must issue receipts that meet the Act's regulations regarding required contents of an official donation receipt. Charities often issue receipts that lack some of the required contents.

Establishing the proper fair market value of a gift is also a compliance issue for charities, and charities often make mistakes regarding the type of gifts that are receiptable (for example, services are not receiptable).

For help with issuing receipts, and to see sample donation receipts, go to: [www.cra.gc.ca/tx/chrts/prtng/rcpts/menu-eng.html](http://www.cra.gc.ca/tx/chrts/prtng/rcpts/menu-eng.html)

## Disbursement quota shortfalls

The disbursement quota (DQ) is the minimum amount that a registered charity must spend each year on its own charitable programs, or on gifts to qualified donees (for example, other registered charities). The purpose of the DQ is to ensure that registered charities actively use their tax-assisted donations to help others according to their charitable purposes.

### Spending too little

A registered charity has a disbursement shortfall if it spends less on its charitable programs, or by way of gifts to qualified donees, than its disbursement quota for that year.

A registered charity can draw on disbursement excesses from the five previous fiscal periods to help it cover a shortfall. If no excesses are available to draw on, a charity can try to spend enough the following year to create an excess that it can carry back to make up for the shortfall.

The *Registered Charity Information Return Summary* issued by the CRA to acknowledge receipt of a charity's T3010 information return includes useful information about the charity's DQ but it does **not** track the charity's DQ excesses and shortfalls.

Consequently, Form T1259, *Capital Gains and Disbursement Quota Worksheet*, is available online to help a charity **track its disbursement excesses and shortfalls**. The form can also be used to calculate the DQ for the fiscal period covered by the return, and whether it has been met, and estimate the DQ for the next fiscal period. Go to [www.cra.gc.ca/E/pbg/tf/t1259/README.html](http://www.cra.gc.ca/E/pbg/tf/t1259/README.html) to access the form, or call 1-800-267-2384.

The worksheet is for the charity's use only and should not be filed with the T3010 return.

Charities should remember that there are serious consequences for not meeting their disbursement quota, and continuous disbursement quota shortfalls can lead to the revocation of a charity's registration.

To learn more about the disbursement quota, see:

Annual spending requirement: [www.cra.gc.ca/tx/chrts/prtng/spndng/menu-eng.html](http://www.cra.gc.ca/tx/chrts/prtng/spndng/menu-eng.html) and, the disbursement quota checklist: [www.cra.gc.ca/tx/chrts/chcklsts/dq-eng.html](http://www.cra.gc.ca/tx/chrts/chcklsts/dq-eng.html)

## Split receipting

Split receipting is a descriptive term used by the CRA for issuing tax receipts for a portion (the "eligible amount of a gift") of an amount transferred to a registered charity where the donor receives an advantage (consideration) in return for a donation.

Questions from charities about split receipting are quite common. An excellent source of information on this topic can be found on the Charities and Giving Web site at: [www.cra.gc.ca/tx/chrts/prtng/rcpts/splt-eng.html](http://www.cra.gc.ca/tx/chrts/prtng/rcpts/splt-eng.html). Also, Income Tax Technical News, No. 26 ([www.cra.gc.ca/E/pub/tp/itnews-26/README.html](http://www.cra.gc.ca/E/pub/tp/itnews-26/README.html)) provides an in-depth discussion of split receipting and applies the concept to several examples of fundraising events and activities.

## Helpful Hints

### Questions and answers – Correcting errors and making changes

#### Q1. How can a charity correct an error(s) made on its T3010, *Registered Charity Information Return*?

A1. If a charity has made an error on the return, it should complete Form T1240, *Registered Charity Adjustment Request* ([www.cra.gc.ca/E/pbg/tf/t1240/README.html](http://www.cra.gc.ca/E/pbg/tf/t1240/README.html)). A separate Form T1240, with the fiscal period end clearly indicated, must be completed for each return that requires corrections. The charity will receive a revised *Registered Charity Information Return Summary* for a return that has been adjusted, and the adjusted return will appear on the Charities and Giving Web site.

#### Q2. How does a charity correct errors on printed donation receipts?

A2. We recommend that a registered charity use a stamp that clearly shows a change of name, address, or registration number if it wants to use its remaining stock of official donation receipts before ordering a new supply. The charity should also make sure that any incorrect information is crossed out, either by stamp or by hand.

#### Q3. How can a charity notify the Charities Directorate about changes to its address, telephone number, or contact person?

A3. It is important that the Directorate have current contact information for a charity. To advise the Directorate of changes, submit a letter detailing the required changes with the signature of a director, trustee, or other authorized representative of the charity. If a charity has other program accounts with the CRA, such as payroll or GST/HST, it must also advise its tax services office of any changes to information for those accounts.

#### Q4. How does a charity request a change of designation?

A4. A registered charity can request a re-designation if it disagrees with its designation at the time of registration, or later feels that its designation should be changed. To ask for a re-designation, complete Form T2095, *Registered Charities: Application for Re-designation*, ([www.cra.gc.ca/E/pbg/tf/t2095/README.html](http://www.cra.gc.ca/E/pbg/tf/t2095/README.html)). If a charity's request for a re-designation is approved, it will be notified of its new designation by registered mail. In most cases, the charity's new designation will take effect at the beginning of its next fiscal period. A registered charity that disagrees with its designation can appeal the CRA's decision by filing an objection within 90 days of the day on which the notice of designation was mailed.

### Avoiding delays in processing returns

The following are ways for registered charities to avoid delays in our processing of their information returns (Form T3010).

- 1) Mail the original copy of your T3010 information return to us at: Charities Directorate, Canada Revenue Agency, Ottawa ON K1A 0L5. Do not mail your return to your local tax service office. Do not fax additional copies of your return. Sending faxed copies in addition to the original mailed version results in hours of repeat work verifying these duplicate returns to ensure that there have been no adjustments made to the one that was keyed.
- 2) Mail your financial statements with your return.
- 3) When requesting adjustments to your information return (Form T3010), ensure that you refer to the specific line numbers on the return and not the numbers on the T1259, *Capital Gains and Disbursement Quota Worksheet*. Also, remember to specify which year's return you are requesting an adjustment for.

## Coming soon

### New Form T3010B(09), *Registered Charity Information Return*

The Charities Directorate will introduce a new Form T3010B, *Registered Charity Information Return* in 2009. We have divided the information on Form T3010B between a simple core form and topic-related schedules to make the form easier to use. We anticipate the re-designed form will simplify the filing burden for smaller charities in particular. It will also provide the public with more meaningful information about registered charities to allow them to make more informed donor decisions.

## Contact information

**Mail:** Charities Directorate  
Canada Revenue Agency  
Ottawa ON K1A 0L5

**Fax:** 613-954-8037

**Phone (Client Services):** 1-800-267-2384 (English)  
1-888-892-5667 (bilingual)

### Email your comments or suggestions:

- about this newsletter to:  
[charities-bienfaisance-bulletin@cra-arc.gc.ca](mailto:charities-bienfaisance-bulletin@cra-arc.gc.ca)
- about our draft publications to:  
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[information.sessions@cra-arc.gc.ca](mailto:information.sessions@cra-arc.gc.ca)
- about our Web site to:  
[charities-bienfaisance@cra-arc.gc.ca](mailto:charities-bienfaisance@cra-arc.gc.ca)

You can find all our publications at:

[www.cra.gc.ca/tx/chrts/formspubs/menu-eng.html](http://www.cra.gc.ca/tx/chrts/formspubs/menu-eng.html)

Draft publications for consultation are available at:

[www.cra.gc.ca/tx/chrts/cnsltfns/menu-eng.html](http://www.cra.gc.ca/tx/chrts/cnsltfns/menu-eng.html)

For information on new additions to our Web site concerning charities, see the "What's new" page at:

[www.cra.gc.ca/tx/chrts/whatsnw/menu-eng.html](http://www.cra.gc.ca/tx/chrts/whatsnw/menu-eng.html)

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